

**MINUTES
REGULAR MEETING
ARIZONA STATE RETIREMENT SYSTEM BOARD**

**Friday, July 20, 2007
8:30 a.m., MST**

The Arizona State Retirement System (ASRS) Board met in the 10th Floor Board Room, 3300 N. Central Avenue, Phoenix, Arizona. Mr. Michael Townsend, Chair of the ASRS Board, called the meeting to order at 8:35 a.m., MST.

The meeting was teleconferenced to the ASRS office at 7660 E. Broadway, Tucson, Arizona 85710.

1. Call to Order; Roll Call; Opening Remarks

Present: Mr. Michael Townsend, Chair
Dr. Keith Meredith, Vice Chair
Mr. David Byers
Mr. Tom Connolly
Mr. Chris Harris (via teleconference)
Mr. Jim McLaughlin
Mr. Lawrence Trachtenberg
Mr. Steven Zeman

Absent: Mr. Jaime Gutierrez

A quorum was present for the purpose of conducting business.

2. Approval of the Consent Agenda

Motion: Mr. Steve Zeman moved to approve Refunds, Death Benefits, Retirements and System Transfers for the months of April and May, 2007;

And

Approve the minutes of the May 18, 2007, Regular Session of the ASRS Board;

And

Approve the application and agreement with Highlands Fire District.

Mr. Tom Connolly seconded the motion.

By a vote of 8 in favor, 0 opposed, 0 abstentions, and 1 excused, the motion was approved.

3. Presentation, Discussion and Appropriate Action Regarding the 2007 ASRS Legislation

Mr. Pat Klein, Assistant Director, External Affairs, and Ms. Lesli Sorensen, Government Relations Officer, addressed the Board regarding 2007 ASRS Legislation. Ms. Sorensen reported that the following bills were signed into law by the Governor: HB 2145, HB 2147, HB 2148, HB 2215, HB 2311, HB 2781, SB 1200, SB 1556. She also reported that the following bills had failed to pass: HB

2140, HB 2141, HB 2142, HB 2146, HB 2269, HB 2585, HB 2630, HB 2654, HCR 2040, SB 1060, SB 1199, SB 1308, SB 1309.

4. Presentation, Discussion and Appropriate Action Regarding the ASRS Private Equity Program

Mr. Paul Matson, Director, and Mr. Gary Dokes, Chief Investment Officer, addressed the Board regarding the ASRS Private Equity Program. Mr. Matson stated that in October 2006, the Board approved a five percent target policy allocation to institutional private equity. Subsequently, the Director, CIO, staff and ASRS private equity consultant developed a strategic plan that identifies investment philosophy, objectives and policies which will govern the management of the ASRS private equity program. Implementation will occur over many years and is designed to not replicate the broad private equity market or mimic the structure of other pension plan programs but rather represent an innovative, active, strategically and tactically managed private equity program.

Motion: Mr. Larry Trachtenberg moved to approve the ASRS Private Equity Program Investment Policy and Strategic Plan.

Mr. Chris Harris seconded the motion.

By a vote of 8 in favor, 0 opposed, 0 abstentions, and 1 excused, the motion was approved.

5. Presentation, Discussion and Appropriate Action Regarding Policies and Procedures Regarding Asset Allocation and Rebalancing for the Plan and Long Term Disability (LTD) Programs

Mr. Gary Dokes addressed the Board regarding policies and procedures regarding asset allocation and rebalancing for the Plan and Long Term Disability (LTD) programs. Mr. Dokes stated that, as part of the ASRS Investment Management program, infrastructure, policies and procedures (P&P) are developed, approved, and implemented to assist in governing the management of ASRS investments. The ASRS Investment P&Ps are an important component of the ASRS investment compliance program. Mr. Dokes explained that the four new P&Ps (#052, #053, #054, #055) presented would replace one P&P (#003) in order to more accurately reflect the activities associated with management of each ASRS investment fund.

Motion: Mr. Larry Trachtenberg moved to approve the asset allocation and rebalancing policies and procedures for the ASRS Plan and LTD programs.

Mr. Tom Connelly seconded the motion.

By a vote of 8 in favor, 0 opposed, 0 abstentions and 1 excused, the motion was approved.

6. Director's Report

Mr. Paul Matson addressed the Board regarding the new member advocate position the ASRS is seeking to fill. The employee in this position would advocate for member issues as well as analyze various processes and steps members must complete for various tasks.

Mr. Matson also addressed the Board regarding the current ASRS Branding process. He stated there would be a presentation to the Board by the Branding Committee in August.

Mr. Matson asked Mr. Anthony Guarino, Deputy Director and Chief Operations Officer to speak to the Board regarding the budget for fiscal year 2008/2009. Mr. Guarino stated that the budget for fiscal year 2008/2009 had been finalized and approximately 95% of the requested budget was approved which should be sufficient to meet strategic goals and objectives and allow for some targeted salary increases.

7. Possible Presentation Regarding Board Committee Updates

Mr. Steve Zeman, Vice Chair, External Affairs Committee, had no update.

Mr. Larry Trachtenberg, Chair, Investment Committee, had no update.

Mr. Dave Byers, Chair, Operations Committee, had no update.

8. Board Requests for Agenda Items

There were no requests for future agenda items.

9. Call to the Public

There were no requests to speak.

10. The next ASRS Regular Board meeting is scheduled for Friday, August 17, 2007, at 8:30 a.m., at 3300 N. Central Avenue, 10th Floor Board room, Phoenix, Arizona.

11. Adjournment of the ASRS Board

Mr. Townsend adjourned the July 20, 2007 Board meeting at 9:35 a.m.

ARIZONA STATE RETIREMENT SYSTEM

Anne Schrode, Secretary

Date

Paul Matson, Director

Date